

## OFFICE OF THE MAYOR

24 March 2017

Submission to the Council

## REPORT ON FIRST DRAFT BUDGET

### Purpose

Purpose of this report is to present to the Council the First Draft Budget for 2017/2018.

### Background

Chapter 4, Section 28 of the Municipal Finance Management Act No. 56 of 2003 prescribes. The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

### Contents of annual budgets and supporting documents


- (1) An annual budget of a municipality must be a schedule in the prescribed format
  - (a) Setting out realistically anticipated revenue for the budget year from each revenue source;
  - (b) Appropriating expenditure for the budget year under the different votes of the municipality;
  - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
  - (d) Setting out—
    - (i) Estimated revenue and expenditure by vote for the current year; and
    - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
  - (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

- (a) Draft resolutions
  - (i) approving the budget of the municipality;
  - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
  - (iii) approving any other matter that may be prescribed;
- (b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
- (c) a projection of cash flow for the budget year by revenue source, broken down per month;
- (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
- (e) any proposed amendments to the budget-related policies of the municipality;
- (f) particulars of the municipality's investments;
- (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
- (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
- (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
- (j) particulars of any proposed allocations or grants by the municipality to—
  - (i) other municipalities;
  - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions
  - (iv) any other organs of state;
  - (v) any organisations or bodies referred to in section 67(1);
- or powers;
- (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of
  - (i) each political office-bearer of the municipality;
  - (ii) councillors of the municipality; and
  - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
- (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—

- (i) each member of the entity's board of directors; and
- (ii) the chief executive officer and each senior manager of the entity;  
and
- (m) any other supporting documentation as may be prescribed.

### **Recommendation**

- 1.1 That the Council take note and approve the report on the First Draft Budget 2017/2018**
- 1.2 That the Council take note and approve the changes in the general tariff list for 2017/2018 budget year.**
- 1.3 That the Council take note and approve the operating budget as well as the Capital Budget for the coming financial year 2017/2018.**

  
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Mr. XT MATWA  
MAYOR

28/03/2017  
Date